TETON COUNTY FIRE PROTECTION DISTRICT
PO Box 474 • 911 North Hwy. 33
Driggs, Idaho 83422

Amendment: Capital Improvement Plan & Impact Fee Study, Final Report 2009

April 18, 2012

A collaborated effort between the cities, county, and fire district to establish a single district-wide capital improvement plan for fire protection in Teton Valley began in 2008. An advisory board of appointed members representing the governmental entities has guided and assisted in the process of the impact fee study and capital improvement plan. BBC Research & Consulting finalized the Capital Improvement Plan (CIP) report in April 2009.

The process of implementation, which includes the adoption of the fire protection CIP and entering into the intergovernmental agreement (IGA), has been delayed for three reasons:

1. The estimated population growth rate of 6.4% was no longer valid.
2. The items previously identified in the CIP based upon the growth rate were now not consistent with the new growth rate.
3. The community and leaders desire to encourage growth within existing population centers was not previously addressed.

Today the revisions to the plan have been incorporated and reflect the desires of governmental entities which have become increasingly involved in the planning process of a single comprehensive fire protection plan for our community's fire protection.

The revisions and changes outlined below shall serve as an amendment to the original plan dated April 15, 2009 and reflect the input received from city/county planners elected officials, the fire protection advisory committee, fire district commissioners and staff. Collectively, it has been proposed the fire protection impact fee be imposed in the county at 50% and in the cities at 25% to encourage growth within the cities.

The fire protection Capital Improvement Plan continues to represent a 20 year period, now updated for the period of 2012 to 2032. The following tables listed as Exhibit 1-7 illustrate and define the amended 2012 fire protection CIP.

Teton Fire

Impact Fee Category	
Fire District	
Residential (per dwelling unit)	$ 1,382
Nonresidential (per square foot)	$ 0.66

Exhibit 1.
Teton Fire District Population

	2012	2032	Net Growth	Percent Growth
Population	10,483	18,210	7,727	74%

Notes:
(1) The Comprehensive Plan assumes an annual growth rate of 2.8% through 2032.
We have assumed an annual growth rate of 2.8% which is
the mean long-term growth rate for the entire State of Idaho.
Teton Fire District boundaries are contiguous with Teton County.

Source:
Teton County Comprehensive Plan Amended October, 2008.

Exhibit 2.
Teton Fire District Growth

	Units or Square Feet 2012	2032	Total Square Footage Growth	Percent of Total Growth
Residential (units)	3,653	6,345	5,653,902	91%
Nonresidential (sq.ft.)	730,523	1,268,990	538,467	9%
		TOTAL =	6,192,369	100.0%

2,692	New units	
Mixed %	42.4%	

Notes:
(1) Assumes 2.87 persons per household based on U.S. Census Bureau data.
(2) We have assumed 200 square feet of nonresidential land use per household as in neighboring Jefferson County.
This is appropriately lower than Boise (315 square feet), Caldwell (279 square feet),
Meridian (293 square feet) and Nampa (329 square feet) given the more rural nature of Teton County.
(3) We have assumed the average residential unit is approximately 2,100 square feet based on NAHB 15-year trailing average.

Exhibit 3.
Teton Fire District Inventory 2011

Type of Capital Infrastructure	Units	Unit Cost	Replacement Value	*times*	Equity %	*times*	Shared Facility (% in fee)	*equals*	Amount to Include in Current Investment
Facilities									
FS 1 Driggs - Units in Square Feet [1]	9,483	$225	$ 2,133,675		100%		100%		$ 2,133,675
FS 2 Victor - Units in Square Feet [1]	4,252	$225	$ 956,700		100%		100%		$ 956,700
FS 3 Tetonia - Units in Square Feet [1]	4,252	$225	$ 956,700		100%		100%		$ 956,700
Facilities Sub-Total			$ 4,047,075						$ 4,047,075
Apparatus/Vehicles									
1986 M-2 Ford F-350 Utility Pickup			$ 60,000		100%		100%		$ 60,000
1987 C-2 Chevy 1500 Pickup			$ 45,000		100%		100%		$ 45,000
1994 T-2 Ford LTL 9000 Water Tender			$ 265,000		100%		100%		$ 265,000
1991 LE-15 Ford F-350 Wildland Light Engine			$ 70,000		100%		100%		$ 70,000
1994 T-3 Ford LTL 9000 Water Tender			$ 250,000		100%		100%		$ 250,000
2003 E-10 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
1988 R-1 GMC 7000/Super Vac Rescue w/Air Refill			$ 250,000		100%		100%		$ 250,000
2003 E-20 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
2006 C-1 GMC 1500 Pickup			$ 45,000		100%		100%		$ 45,000
2006 M-1 Ford F-350 Mechanics Pickup			$ 45,000		100%		100%		$ 45,000
2002 LE-35 Ford F-550 Wildland Light Engine			$ 65,000		100%		100%		$ 65,000
2002 LE-25 Ford F-550 Wildland Light Engine			$ 65,000		100%		100%		$ 65,000
2003 E-30 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
2003 T-1 Kenworth T600/Firovac 2300 Gallon Tender			$ 265,000		100%		100%		$ 265,000
2004 TR-1 Hallmark/Bauer SCBA Refill Trailer			$ 80,000		100%		100%		$ 80,000
2005 HE-1 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2005 HE-2 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2005 HE-3 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2008 L-1 Smeal 105 Ft. Platform Truck			$ 800,000		100%		100%		$ 800,000
Apparatus/Vehicles Sub-Total			$ 3,595,000						$ 3,595,000
Equipment									
SCBA	31	$ 5,000	$ 155,000		100%		100%		$ 155,000
Medium Extrication Equipment	1	$ 25,000	$ 25,000		100%		100%		$ 25,000
Combination Extrication Equipment	3	$ 9,000	$ 27,000		100%		100%		$ 27,000
Nozzles	42	$ 800	$ 33,600		100%		100%		$ 33,600
Small Generators	3	$ 2,000	$ 6,000		100%		100%		$ 6,000
Portable Pumps	4	$ 5,000	$ 20,000		100%		100%		$ 20,000
Pressure Washers	3	$ 600	$ 1,800		100%		100%		$ 1,800
Thermal Imaging Cameras	3	$ 10,000	$ 30,000		100%		100%		$ 30,000
Mobile Radios	25	$ 1,500	$ 37,500		100%		100%		$ 37,500
Portable Radios	45	$ 1,500	$ 67,500		100%		100%		$ 67,500
Radio Repeaters	3	$ 10,000	$ 30,000		100%		100%		$ 30,000
Equipment Sub-total			$ 433,400						$ 433,400
Total Infrastructure			$ 8,075,475						$ 8,075,475
Plus Cost of Fee-Related Research									
Impact Fee Study			$ 22,000		100%		100%		$ 22,000
Grand Total			$ 8,097,475						$ 8,097,475

Source: Data from Teton Fire District, February, 2012

Notes:
(1) Based on information provided by Teton Fire District we have assumed a replacement cost of $225 per square foot.

Exhibit 4.
Teton Fire District Current Investment

Current Investment Calculation	
Replacement Value for Fire Capital Improvements [1]	$ 8,097,475
Current Fire District Land Use [2]	
Residential (in dwelling units)	91%
Nonresidential (in square feet)	9%
Allocated Value by Land Use Category	
Residential	$ 7,393,347
Nonresidential	$ 704,128
Current Fire District Development [2]	
Residential (in dwelling units)	3,653
Nonresidential (in square feet)	730,523
Calculated Current Investment	
Residential (per dwelling unit)	$ 2,024
Nonresidential (per square foot)	$ 0.96

Notes:

(1) See Exhibit 3

(2) See Exhibit 2

Exhibit 5.
Teton Fire District Capital Improvement Plan 2012-2032

Type of Capital Infrastructure	CIP Value	*times*	Growth Portion [7]	*times*	Shared Facility (% in fee)	*equals*	Amount to Include in Fees	Amount from General Fund
Facilities								
New FS 4 NorthWest (1)	$ 1,575,000		100%		100%		$ 1,575,000	$0
Addition/Remodel FS 3 (2)	$ 200,000		100%		100%		$ 200,000	$0
Training Facility (3)	$ 300,000		42%		100%		$ 126,000	$174,000
Maintenance Facility (4)	$ 500,000		100%		100%		$ 500,000	$0
Resident Student Housing (5)	$ 400,000		100%		100%		$ 400,000	$0
Vehicles								
Heavy Rescue	$ 380,000		42%		100%		$ 161,244	$218,756
Aircraft Rescue Fire Fighting	$ 200,000		42%		100%		$ 84,865	$115,135
HazMat Support Unit	$ 50,000		42%		100%		$ 21,216	$28,784
Technical Rescue Support Unit	$ 85,000		42%		100%		$ 36,068	$48,932
Fire Engine - FS 4	$ 375,000		100%		100%		$ 375,000	$0
Water Tenders - FS 4	$ 350,000		100%		100%		$ 350,000	$0
Light Brush Trucks - FS 4	$ 80,000		100%		100%		$ 80,000	$0
Equipment								
New FS 4 Equipment Package (6)	$ 144,467		100%		100%		$ 144,467	$0
Total Infrastructure	$ 4,639,467						$ 4,053,861	$585,606
Plus Cost of Fee-Related Research								
Impact Fee Study	$ 22,000		100%		100%		$ 22,000	
Grand Total	$ 4,661,467						$ 4,075,861	

Source: Data provided by Teton Fire District February, 2012

Notes:
1 New FS 4 planned at approximately 7,000 square feet with a cost of $225 per square foot.
2 FS 3 to be remodelled for living quarters based upon plans and expense of past remodel of FS 2.
3 A dedicated training facility includes land, a pressurized water system and will accommodate driving facilities and live fire training facilities.
4 Existing maintenance facility now housed in FS 3 will need to be relocated as FS 3 is expanded to accommodate firefighting personnel.
5 Resident housing is dedicated to student/volunteer firefighters who will account for a portion of future staffing.
6 Each current Fire Station has approximately $144,467 in equipment. This amount is assumed for new Fire Station 4.
7 Approximately 42% of all Residential Units and Nonresidential square feet in 2032 will be new within the past 20 years.

Exhibit 6.
Teton Fire District Impact Fees

Impact Fee Calculation		
Allocated Value for Future Fire Capital Improvements	$	4,075,861
Future District Land Use		
Residential (in dwelling units)		91%
Nonresidential (in square feet)		9%
Allocated Value by Land Use Category		
Residential	$	3,721,438
Nonresidential	$	354,423
Future District Development		
Residential (in dwelling units)		2,692
Nonresidential (in square feet)		538,467
Calculated Impact Fee		
Residential (per dwelling unit)	$	1,382
Nonresidential (per square foot)	$	0.66

Notes:
(1) See Exhibit 5.
(2) See Exhibit 2.

Exhibit 7.
Teton Fire District Fee Comparison

Impact Fee Category	Impact Fees	Current Investment	Amount Difference	Percent Difference
Fire District				
Residential (per dwelling unit)	$ 1,382	$2,024	($642)	-31.7%
Nonresidential (per square foot)	$ 0.66	$0.96	($0.31)	-31.7%

Final Report

April 15, 2009

Teton County Fire Protection District Impact Fee Study and Capital Improvement Plan

Prepared for

Teton County Fire Protection District
Driggs, ID 83422

Prepared by

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BBC RESEARCH & CONSULTING

Table of Contents

Section I.
Introduction

This report regarding impact fees for Teton County Fire Protection District is organized into the following sections:

- An overview of the report's background and objectives;
- A definition of impact fees and a discussion of their appropriate use;
- An overview of land use and demographics;
- A step-by-step calculation of impact fees under the Capital Improvement Plan (CIP) approach;
- A list of implementation recommendations; and
- A brief summary of conclusions.

Each section follows sequentially.

Background and Objectives

Teton County Fire Protection District (the District, or Teton Fire) hired BBC Research & Consulting (BBC) to assist the District in preparing a Capital Improvement Plan and to calculate impact fees.

BBC inventoried Teton Fire's current capital improvements; established capital improvement replacement costs; helped the District refine the Capital Improvement Plans; and assisted in all phases of the project. This document presents impact fees based on the District's demographic data and infrastructure costs before credit adjustment; calculates the District's monetary participation; examines the likely cash flow produced by the recommended fee amount; and outlines specific fee implementation recommendations. Credits can be granted on a case-by-case basis; these credits are assessed when each individual building permit is pulled.

Definition of Impact Fees

Impact fees are one-time assessments established by local governments to assist with the provision of Capital Improvements necessitated by new growth and development. Impact fees are governed by principles established in Title 67, Chapter 82, Idaho Code, known as the Idaho Development Impact Fee Act (Impact Fee Act) which specifically gives cities, towns and counties the authority to levy impact fees. This means that the District cannot collect impact fees on its own. The District will have to pursue intergovernmental agreements (IGA's) with Teton County and the municipalities therein to impose and collect impact fees on its behalf.

The Idaho Code defines an impact fee as "... a payment of money imposed as a condition of development approval to pay for a proportionate share of the cost of system improvements needed to serve development."[1]

Purpose of impact fees. The Impact Fee Act includes the legislative finding that "... an equitable program for planning and financing public facilities needed to serve new growth and development is necessary in order to promote and accommodate orderly growth and development and to protect the public health, safety and general welfare of the citizens of the state of Idaho."[2]

Idaho fee restrictions and requirements. The Impact Fee Act places numerous restrictions on the calculation and use of impact fees, all of which help ensure that local governments adopt impact fees that are consistent with federal law.[3] Some of those restrictions include:

- Impact fees shall not be used for any purpose other than to defray system improvement costs incurred to provide additional public facilities to serve new growth;[4]
- Impact fees must be expended within 8 years from the date they are collected. Fees may be held in certain circumstances beyond the 8-year time limit if the governmental entity can provide reasonable cause;[5]
- Impact fees must not exceed the proportionate share of the cost of capital improvements needed to serve new growth and development;[6]
- Impact fees must be maintained in one or more interest-bearing accounts within the capital projects fund.[7]

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[1] *See* Section 67-8203(9), Idaho Code. "System improvements" are capital improvements (i.e., improvements with a useful life of 10 years or more) that, in addition to a long life, increase the service capacity of a public facility. Public facilities include: fire, emergency medical and rescue facilities. *See* Sections 67-8203(3), (24) and (28), Idaho Code.

[2] *See* Section 67-8202, Idaho Code.

[3] As explained further in this study, proportionality is the foundation of a defensible impact fee. To meet substantive due process requirements, an impact fee must provide a rational relationship (or nexus) between the impact fee assessed against new development and the actual need for additional capital improvements. An impact fee must substantially advance legitimate local government interests. This relationship must be of "rough proportionality." Adequate consideration of the factors outlined in Section 67-8207(2) ensure that rough proportionality is reached. *See Banbury Development Corp. v. South Jordan*, 631 P.2d 899 (1981); *Dollan v. City of Tigard*, 512 U.S. 374 (1994).

[4] *See* Sections 67-8202(4) and 67-8203(29), Idaho Code.

[5] *See* Section 67-8210(4), Idaho Code.

[6] *See* Sections 67-8204(1) and 67-8207, Idaho Code.

[7] *See* Section 67-8210(1), Idaho Code.

In addition, the Impact Fee Act requires the following:

- Establishment of and consultation with a development impact fee advisory committee (Advisory Committee);[8]
- Identification of all existing public facilities;
- Determination of a standardized measure (or service unit) of consumption of public facilities;
- Identification of the current level of service that existing public facilities provide;
- Identification of the deficiencies in the existing public facilities;
- Forecast of residential and nonresidential growth;[9]
- Identification of the growth-related portion of the District's Capital Improvement Plans;[10]
- Analysis of cash flow stemming from impact fees and other capital improvement funding sources;[11]
- Implementation of recommendations such as impact fee credits, how impact fee revenues should be accounted for, and how the impact fees should be updated over time;[12]
- Preparation and adoption of a Capital Improvement Plan pursuant to state law and public hearings regarding the same;[13] and
- Preparation and adoption of a resolution authorizing impact fees pursuant to state law and public hearings regarding the same.[14]

How should fees be calculated? State law requires the local governments and District to implement the Capital Improvement Plan methodology to calculate impact fees. The local governments and District can implement fees of any amount not to exceed the fees as calculated by the CIP approach. This methodology requires the local governments and District to describe their service areas, forecast the land uses, densities and population that are expected to occur in those service areas over the 20-year CIP time horizon, and identify the capital improvements that will be needed to serve the forecasted growth at the planned levels of service, assuming the planned levels of

[8] *See* Section 67-8205, Idaho Code.

[9] *See* Section 67-8206(2), Idaho Code.

[10] *See* Section 67-8208, Idaho Code.

[11] *See* Section 67-8207, Idaho Code.

[12] *See* Sections 67-8209 and 67-8210, Idaho Code.

[13] *See* Section 67-8208, Idaho Code.

[14] *See* Sections 67-8204 and 67-8206, Idaho Code.

service do not exceed the current levels of service.[15] This list and cost of capital improvements constitutes the capital improvement element to be adopted as part of each local government's individual Comprehensive Plan.[16] Only those items identified as growth-related on the CIP are eligible to be funded by impact fees.

The District, intending to adopt an impact fee, must first prepare a capital improvements plan.[17] To ensure that impact fees are adopted and spent for capital improvements in support of the community's needs and planning goals, the Impact Fee Act establishes a link between the authority to charge impact fees and certain planning requirements of Idaho's Local Land Use Planning Act (LLUPA). The local government must have adopted a comprehensive plan per LLUPA procedures, and that comprehensive plan must be updated to include a current capital improvement element.[18] This study considers the planned capital improvements for the District for the twenty-year period from 2009 through the end of 2029 that will need to be adopted as an element of each individual entity's Comprehensive Plan.

Once the essential capital planning has taken place, impact fees can be calculated. The Impact Fee Act places many restrictions on the way impact fees are calculated and spent, particularly via the principal that local governments cannot charge new development more than a "proportionate share" of the cost of public facilities to serve that new growth. "Proportionate share" is defined as ". . . that portion of the cost of system improvements . . . which reasonably relates to the service demands and needs of the project."[19] Practically, this concept requires the local governments and District to carefully project future growth and estimate capital improvement costs so that it prepares reasonable and defensible impact fee schedules.

The proportionate share concept is designed to ensure that impact fees are calculated by measuring the needs created for capital improvements by development being charged the impact fee; do not exceed the cost of such improvements; and are "earmarked" to fund growth-related capital improvements to benefit those that pay the impact fees.

There are various approaches to calculating impact fees and to crediting new development for past and future contributions made toward system improvements. The Impact Fee Act does not specify a single type of fee calculation, but it does specify that the formula be "reasonable and fair." Impact fees should take into account the following:

- Any appropriate credit, offset or contribution of money, dedication of land, or construction of system improvements;

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[15] As a comparison and benchmark for the impact fees calculated under the Capital Improvement Plan approach, BBC also calculated the District's current level of service by quantifying the District's current investment in capital improvements for each impact fee category, allocating a portion of these assets to residential and nonresidential development, and dividing the resulting amount by current housing units (residential fees) or current square footage (nonresidential fees). By using current assets to denote the current service standard, this methodology guards against using fees to correct existing deficiencies.

[16] *See* Sections 67-8203(4) and 67-8208, Idaho Code.

[17] *See* Section 67-8208, Idaho Code.

[18] *See* Sections 67-8203(4) and 67-8208, Idaho Code.

[19] *See* Section 67-8203(23), Idaho Code.

- Payments reasonably anticipated to be made by or as a result of a new development in the form of user fees and debt service payments;

- That portion of general tax and other revenues allocated by the local governments and District to growth-related system improvements; and

- All other available sources of funding such system improvements.[20]

Through data analysis and interviews with the District, BBC identified the share of each capital improvement needed to serve growth. The total projected capital improvements needed to serve growth are then allocated to residential and nonresidential development with the resulting amounts divided by the appropriate growth projections from 2009 through 2029. This is consistent with the Impact Fee Act.[21] Among the advantages of the CIP approach is its establishment of a spending plan to give developers and new residents more certainty about the use of the particular impact fee revenues.

Other fee calculation considerations. The basic CIP methodology used in the fee calculations is presented above. However, implementing this methodology requires a number of decisions. The considerations accounted for in the fee calculations include the following:

- Allocation of costs is made using a service unit which is "a standard measure of consumption, use, generation or discharge attributable to an individual unit[22] of development calculated in accordance with generally accepted engineering or planning standards for a particular category of capital improvement."[23] The service units chosen by the study team for every fee calculation in this study are linked directly to residential dwelling units and nonresidential development square feet.[24]

- A second consideration involves refinement of cost allocations to different land uses. According to Idaho Code, the CIP must include a "conversion table establishing the ratio of a service unit to various types of land uses, including residential, commercial, agricultural and industrial."[25] In this analysis, the study team has chosen to use the highest level of detail supportable by available data and, as a result, in this study, every impact fee is allocated between aggregated residential (i.e., all forms of residential housing) and nonresidential development (all nonresidential uses including retail, office, agricultural and industrial).

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[20] *See* Section 67-8207, Idaho Code.

[21] The impact fee that can be charged to each service unit (in this study, residential dwelling units and nonresidential square feet) cannot exceed the amount determined by dividing the cost of capital improvements attributable to new development (in order to provide an adopted service level) by the total number of service units attributable to new development. *See* Sections 67-8204(16), 67-8208(1(f) and 67-8208(1)(g), Idaho Code.

[22] *See* Section 67-8203(27), Idaho Code.

[23] *See* Section 67-8203(27), Idaho Code.

[24] The construction of detached garages alongside residential units does not typically trigger the payment of additional impact fees unless that structure will be the site of a home-based business with significant outside employment.

[25] *See* Section 67-8208(1)(e), Idaho Code.

Alternative revenue sources. Prior to implementing impact fees, local governments have a limited set of options to pay for growth. One option is to negotiate exactions with developers. In this case, developers would agree to pay for or build certain infrastructure directly related to their development, such as a water cistern to enhance fire-fighting capabilities in the subdivision under construction. Another option is through State and Federal grants and State-shared revenue. A third option available to local governments is to accept the fact that future growth might create a decline in levels of service and there is little that can be done. Finally, the last option available to local governments to pay for growth is a General Fund subsidy.

In many states, this is a viable and popular option. Local governments in these states can charge a local option sales tax, raise property taxes and easily obtain debt service to fund this subsidy. In turn, the General Fund is adequate to fund ongoing operations and maintenance (O&M), capital repair and replacement expenses, as well as some growth-related capital. However, in Idaho, local option sales taxes are not widely permitted, annual increases of property taxes are capped and it is rather difficult to obtain debt financing to even fund repair and replacement expenses, much less growth-related capital.

Based on our discussions with and the opinions of District staff and elected officials, all of these factors justify at least the consideration of impact fees for the District.

If the local governments implement impact fees, a significant financial burden on the District budget and existing taxpayers could be lifted. Local governments would seek negotiated exactions for District system improvements less frequently; however, impact fee credits would still be given to the responsible builders and developers if growth-related CIP projects are exacted.

Second, the District would continue to aggressively seek State and Federal grants and shared revenue for growth-related CIP projects. If the District is successful, these grants and new revenues would be credited to the CIP and thus reduce future impact fees.

Finally, impact fees would allow the District to avoid accepting a decline in levels of service for the sake of a balanced budget. Impact fees would alleviate the need for the District to provide a subsidy to pay for growth, a practice that is not sustainable and widely considered "bad budgeting". Instead, impact fees would take the pressure off O&M, repair and replacement expenses and allow the District to put its ongoing General Funds toward ongoing and recurring expenses, a practice that is widely considered to be "good budgeting."

Current Assets and Capital Improvement Plans

The CIP approach estimates future capital improvement investments required to serve growth over a fixed period of time. The Impact Fee Act calls for the CIP to ". . . project demand for system improvements required by new service units . . . over a reasonable period of time not to exceed 20 years."[26] The impact fee study team recommends a 20-year time period based on the District's best available capital planning data, and the strong assumption by the District that it will be substantially if not fully built-out by the end of the twenty year time period.

[26] *See* Section 67-8208(1)(h).

The types of costs eligible for inclusion in this calculation include any land purchases, construction of new facilities and expansion of existing facilities to serve growth over the next 20 years at planned and/or adopted service levels.[27] Equipment and vehicles with a useful life of 10 years or more are also impact fee eligible under the Impact Fee Act.[28] The total cost of improvements over the 20 years is referred to as the "CIP Value" throughout this report. The cost of this impact fee study is also impact fee eligible for all impact fee categories.

The forward-looking 20-year CIP for the District includes some facilities that are only partially necessitated by growth (e.g., facility expansion). The study team met with the District to determine a defensible metric for including a portion of these facilities in the impact fee calculations. A general methodology used to determine this metric is discussed below. In some cases, a more specific metric was used to identify the growth-related portion of such improvements. In these cases, notations were made in the applicable section.

Fee Calculation

In accordance with the CIP approach described above, we calculated fees for the District by answering the following seven questions:

1. Who is currently served by the District? This includes the number of residents as well as residential and nonresidential land uses.

2. What is the current level of service provided by the District? Since an important purpose of impact fees is to help the District *achieve* its planned level of service[29], it is necessary to know the level of service currently provided to the community.

3. What current assets allow the District to provide this level of service? This provides a current inventory of assets used by the District, such as facilities, land and equipment. In addition, each asset's replacement value was calculated and summed to determine the total value of the District's current assets.

4. What is the current investment per residential and nonresidential land use? In other words, how much of the District's current assets are needed to serve current residential households and nonresidential square feet?

5. What future growth is expected in the District? How many residential households and nonresidential square footage will the District serve over the CIP period?

6. What new infrastructure is required to serve future growth? For example, how many new engines will be needed by the District within the next twenty years to achieve the planned level of service?[30]

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[27] This assumes the planned levels of service do not exceed the current levels of service.

[28] The Impact Fee Act allows a broad range of improvements to be considered as "capital" improvements, so long as the improvements have useful life of at least 10 years and also increase the service capacity of public facilities. *See* Sections 67-8203(28) and 50-1703, Idaho Code.

[29] This assumes that the planned level of service does not exceed the current level of service.

7. What impact fee is required to pay for the new infrastructure? We calculated an apportionment of new infrastructure costs to future residential and nonresidential land-uses for the District. Then, using this distribution, the impact fee was determined.

Addressing these seven questions, in order, provides the most effective and logical way to calculate impact fees for the District. In addition, these seven steps satisfy and follow the regulations set forth earlier in this section.

"GRUM" Analysis

Not all capital costs are associated with growth. Some capital costs are for repair and replacement of facilities e.g., standard periodic investment in existing facilities such as roofing. These costs *are not* impact fee eligible. Some capital costs are for betterment of facilities, or implementation of new services (e.g., development of an expanded training facility). These costs *are not* impact fee eligible. Some costs are for expansion of facilities to accommodate new development at the current level of service (e.g., purchase of new fire station to accommodate expanding population). These costs *are* impact fee eligible.

Because there are different reasons why the District invests in capital projects, the study team conducted a "GRUM" analysis on all projects listed in each CIP:

- **Growth.** The "G" in GRUM stands for growth. To determine if a project is solely related to growth, we ask "Is this project designed to maintain the current level of service as growth occurs?" and "Would the District still need this capital project if it weren't growing at all?" "G" projects are only necessary to maintain the District's current level of service as growth occurs. It is thus appropriate to include 100 percent of their cost in the impact fee calculations.

- **Repair & Replacement.** The "R" in GRUM stands for repair and replacement. Under Idaho law this constitutes correcting an existing deficiency. We ask, "Is this project related only to fixing existing infrastructure?" and "Would the District still need it if it weren't growing at all?" "R" projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.

- **Upgrade.** The "U" in GRUM stands for upgrade. Under Idaho law this constitutes correcting an existing deficiency. We ask, "Would this project improve the District's current level of service?" and "Would the District still do it even if it weren't growing at all?" "U" projects have nothing to do with growth. It is thus not appropriate to include any of their cost in the impact fee calculations.

- **Mixed.** The "M" in GRUM stands for mixed. It is reserved for capital projects that have some combination of G, R and U. "M" projects by their very definition are partially necessitated by growth, but also include an element of repair, replacement and/or upgrade. In this instance, a cost amount between 0 and 100 percent should be

[30] This assumes the planned level of service does not exceed the current level of service.

included in the fee calculations. Although the need for these projects is triggered by new development, they will also benefit existing residents.

Projects that are 100 percent growth-related were determined by our study to be necessitated solely by growth. Alternatively, some projects are determined to be "mixed," with some aspects of growth and others aspects of repair and replacement. In these situations, only a portion of the total cost of each project is included in the final impact fee calculation.

It should be understood that growth is expected to pay only the portion of the cost of capital improvements that are growth-related. The District will need to plan to fund the pro rata share of these partially growth-related capital improvements with revenue sources other than impact fees within the time frame that impact fees must be spent. These values will be calculated and discussed in Section IV of this report.

Exhibits found in Section III of this report detail all capital improvements planned for purchase over the next twenty years by the District.

Acknowledgements

We would like to thank Bret Campbell, Fire Marshall for serving as our project liaison.

Section II.
Land Uses

As noted in Section I, it was necessary to allocate capital improvement plan (CIP) costs to both residential and nonresidential development when calculating impact fees. The study team performed this allocation based on the number of projected new households and nonresidential square footage projected to be added from 2009 through 2029 for the District; we have chosen 2009 through 2029 to be consistent with the CIP period. These projections were based on data found in the Teton County Comprehensive Plan provided by the District.[31]

Demographic and land-use projections are some of the most variable and potentially debatable components of an impact fee study, and in all likelihood the projections used in our study will not prove to be 100 percent correct. The purpose of the Advisory Committee's annual review is to account for these inconsistencies. As the CIP is tied to the District's land-use growth, the CIP and resulting fees can be revised based on actual growth as it occurs.

The first step we took to determine land uses for the District was to examine the most recent Comprehensive Plan for Teton County, with which the District shares contiguous borders. Based upon the Teton County Comprehensive Plan as updated in October of 2008, Teton County and therefore the District, currently contains approximately 10,483 residents. According to the Comprehensive Plan a 6.4 percent annual population growth rate is assumed through 2020. For the period 2021 through 2029 we have assumed an annual population growth rate of 2.8 percent, which is the average long-term growth rate for the entire State of Idaho. Using this data, it is estimated that Teton County (and thus the District) could contain approximately 27,646 residents by 2029.

The following Exhibit II-1 presents the current and future population for Teton County, Idaho.

Exhibit II-1.
Current and Future Population in Teton County, Idaho

	2009	2029 (1)	Net Growth	Percent Growth
Population	10,483	27,646	17,163	164%

Note:

(1)The Teton County Comprehensive Plan projects an annual growth rate of 6.4 percent through 2020. For the period 2021 through 2029 we have assumed a growth rate equal to the long-term growth rate of the State of Idaho of 2.8 percent.

Source:

Teton County Comprehensive Plan updated October, 2008 and estimates by BBC Research.

District population is expected to increase by 17,163 residents, or approximately 164 percent, over the 20-year CIP period.

[31] Teton County Comprehensive Plan updated October, 2008.

The following Exhibit II-2 presents the current and future number of residential units and nonresidential square feet for Teton County and the District.

Exhibit II-2.
Current and Future Land Uses, Teton County, Idaho

	Units or Square Feet 2008	2018	Total Square Footage Growth[3]	Percent of Total Growth		
Residential[1]	3,653	9,633	12,558,049	91%	5,980	New units
Nonresidential[2]	730,523	1,926,527	1,196,005	9%	Mixed %	62.1%
			TOTAL = 13,754,054	100.0%		

Note: (1) Assumes 2.87 persons per household based on U.S. Census Bureau data.
(2) We have assumed 200 square feet of nonresidential land use per household. This is consistent with our assumption in neighboring Jefferson County.
(3) We have assumed the average residential unit is approximately 2,100 square feet based on NAHB 15-year trailing average.

Source: Teton County Comprehensive Plan updated October, 2008 and BBC Research & Consulting.

As shown above, Teton County is expected to grow by approximately 5,980 new residential units and almost 1.2 million nonresidential square feet over the 20-year CIP period. Approximately 91 percent of this growth is attributable to residential land uses, while the remaining 9 percent is attributable to nonresidential growth.

At the end of the 20 year CIP period in 2029, approximately 62 percent of existing development will be new growth over the past 20 years. This percentage will be used throughout the report to represent the "M" or Mixed percentage from GRUM in the "Growth Portion" column of each CIP, unless a more project-specific metric is available. Please refer back to Section I for a detailed explanation of GRUM.

The data found above in Exhibits II-1 and II-2 will be used in our impact fee calculations in subsequent sections of this report

Section III.
Impact Fee Calculation

In this section, we calculate impact fees for the District following the seven question method outlined in Section I of this report.

1. Who is currently served by the District?

As shown in Exhibit II-2, the District currently serves approximately 3,653 residential units and approximately 730,000 nonresidential square feet located within its boundaries.

2. What is the current level of service provided by Teton Fire?

Teton Fire's current level of service is measured as the average response time to be "on-scene" for all Fire and EMS calls. Teton Fire's average response time is 15 minutes for Fire and EMS calls. As the District grows, additional infrastructure and equipment will be needed to achieve the District's planned level of service. Based on conversations with District staff, it is our understanding that the planned level of service is equal to the current level of service.

3. What current assets allow Teton Fire to provide this level of service?

The following Exhibit III-1 displays the current assets of Teton Fire. All of these assets have a useful life of at least 10 years or more.

Exhibit III-1.
Current Assets – Teton Fire

Type of Capital Infrastructure	Units	Unit Cost	Replacement Value	times	Equity %	times	Shared Facility (% in fee)	equals	Amount to Include in Current Investment
Facilities									
FS 1 Driggs - Units in Square Feet (1)	9,483	$225	$ 2,133,675		100%		100%		$ 2,133,675
FS 2 Victor - Units in Square Feet (1)	4,252	$225	$ 956,700		100%		100%		$ 956,700
FS 3 Tetonia - Units in Square Feet (1)	4,252	$225	$ 956,700		100%		100%		$ 956,700
Facilities Sub-Total			$ 4,047,075						$ 4,047,075
Apparatus/Vehicles									
1998 M-2 Ford F-350 Utility Pickup			$ 60,000		100%		100%		$ 60,000
1997 C-2 Chevy 1500 Pickup			$ 45,000		100%		100%		$ 45,000
1994 T-2 Ford LTL 9000 Water Tender			$ 265,000		100%		100%		$ 265,000
1991 LE-15 Ford F-350 Wildland Light Engine			$ 70,000		100%		100%		$ 70,000
1994 T-3 Ford LTL 9000 Water Tender			$ 250,000		100%		100%		$ 250,000
2003 E-10 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
1998 R-1 GMC 7000/Super Vac Rescue w/Air Refill			$ 250,000		100%		100%		$ 250,000
2003 E-20 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
2006 C-1 GMC 1500 Pickup			$ 45,000		100%		100%		$ 45,000
2006 M-1 Ford F-350 Mechanics Pickup			$ 45,000		100%		100%		$ 45,000
2002 LE-35 Ford F-550 Wildland Light Engine			$ 65,000		100%		100%		$ 65,000
2002 LE-25 Ford F-550 Wildland Light Engine			$ 65,000		100%		100%		$ 65,000
2003 E-30 Smeal/International 7400 Class A Engine			$ 250,000		100%		100%		$ 250,000
2003 T-1 Kenworth T600/Firovac 2300 Galon Tender			$ 265,000		100%		100%		$ 265,000
2004 TR-1 Hallmark/Bauer SCBA Refill Trailer			$ 80,000		100%		100%		$ 80,000
2005 HE-1 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2005 HE-2 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2005 HE-3 Kenworth T300/Boise Mobile Wildland Engine			$ 180,000		100%		100%		$ 180,000
2008 L-1 Smeal 105 FL Platform Truck			$ 600,000		100%		100%		$ 600,000
Apparatus/Vehicles Sub-Total			$ 3,565,000						$ 3,565,000
Equipment									
SCBA	31	$ 5,000	$ 155,000		100%		100%		$ 155,000
Medium Extrication Equipment	1	$ 25,000	$ 25,000		100%		100%		$ 25,000
Combination Extrication Equipment	3	$ 9,000	$ 27,000		100%		100%		$ 27,000
Nozzles	42	$ 800	$ 33,600		100%		100%		$ 33,600
Small Generators	3	$ 2,000	$ 6,000		100%		100%		$ 6,000
Portable Pumps	4	$ 5,000	$ 20,000		100%		100%		$ 20,000
Pressure Washers	3	$ 600	$ 1,800		100%		100%		$ 1,800
Thermal Imaging Cameras	3	$ 10,000	$ 30,000		100%		100%		$ 30,000
Mobile Radios	25	$ 1,500	$ 37,500		100%		100%		$ 37,500
Portable Radios	45	$ 1,500	$ 67,500		100%		100%		$ 67,500
Radio Repeaters	3	$ 10,000	$ 30,000		100%		100%		$ 30,000
Equipment Sub-total			$ 433,400						$ 433,400
Total Infrastructure			$ 8,075,475						$ 8,075,475
Plus Cost of Fee-Related Research									
Impact Fee Study			$ 22,000		100%		100%		$ 22,000
Grand Total			$ 8,097,475						$ 8,097,475

Note: (1) Based on information provided by Teton Fire District we have assumed a replacement cost of $225 per square foot.

(2) Current Level of Service for Fire and EMS calls is 15 minutes average to on scene based upon all calls, District-wide, during 2008.

Source: BBC Research & Consulting interview with Teton Fire February, 2008.

As shown above, Teton Fire currently owns approximately $8.1 million of eligible current assets. These assets are used to provide the District's current level of service.

4. What is the current investment per residential unit and nonresidential square foot?

Teton Fire has already invested approximately $2,024 per residential unit and $0.96 per nonresidential square foot in order to provide the current level of service. This calculation is based on current District land uses from Exhibit II-2 and current assets from Exhibit III-1.

We will compare our final impact fee calculations with these figures to determine if the two results will be similar; this represents a "check" to see if future District residents will be paying for infrastructure at a level commensurate with what existing District residents have already invested in infrastructure.

5. What future growth is expected in Teton Fire?

As shown in Exhibit II-2, Teton Fire is expected to grow by approximately 5,980 residential units and approximately 1.2 million square feet of nonresidential land use by 2029. As discussed in Section II of this report, we have chosen to calculate impact fees for Teton Fire on a District-wide basis.

6. What new infrastructure is required to serve future growth?

The following Exhibit III-2 displays the capital improvements planned for purchase by Teton Fire over the next ten years. Please note that in the "Growth Portion" column of Exhibit III-2 each project will have one of the following values: zero percent, meaning that the project is not at all growth-related; 33 or 62 percent, meaning that the project is an "M" or Mixed project partially attributable to growth; or 100 percent, meaning that the project is entirely related to growth. Please refer to Section I for a detailed discussion of the GRUM concept. Also please note that the "Shared Facility" column of Exhibit III-2 indicates whether a project is jointly owned with other entities, and if so the value listed is the percent that can be included in the impact fee calculation.

Exhibit III-2.
Teton Fire CIP – 2009-2029

Type of Capital Infrastructure	CIP Value	times	Growth Portion [5]	times	Shared Facility (% in Fee)	equals	Amount to Include in Fees	Amount from General Fund
Facilities								
New FS 1 Driggs with Administration [1]	$ 5,800,000		33%		100%		$ 1,914,000	$3,886,000
New Maintenance Facility Driggs [2]	$ 750,000		33%		100%		$ 247,500	$502,500
New FS 2 Victor [3]	$ 3,100,000		62%		100%		$ 1,922,000	$1,178,000
New FS 4 NorthWest [3]	$ 3,100,000		100%		100%		$ 3,100,000	$0
New FS 5 West [3]	$ 3,100,000		100%		100%		$ 3,100,000	$0
Vehicles								
Heavy Rescue	$ 380,000		62%		100%		$ 235,907	$144,093
Aircraft Rescue Fire Fighting	$ 150,000		62%		100%		$ 93,121	$56,879
HazMat Support Unit	$ 50,000		62%		100%		$ 31,040	$18,960
Technical Rescue Support Unit	$ 85,000		62%		100%		$ 52,769	$32,231
2 Fire Engines	$ 750,000		100%		100%		$ 750,000	$0
2 Water Tenders	$ 700,000		100%		100%		$ 700,000	$0
2 Light Brush Trucks	$ 160,000		100%		100%		$ 160,000	$0
Equipment								
New FS 4-5 Equipment Package [4]	$ 288,933		100%		100%		$ 288,933	$0
Total Infrastructure	$ 18,413,933						$ 12,595,271	$5,818,663
Plus Cost of Fee-Related Research Impact Fee Study	$ 22,000		100%		100%		$ 22,000	
Minus Optional Capital Transfer from General Fund for CIP Expenditures								
Transfer Surplus/Reserves to CIP Expenditures [6]	$ (2,000,000)		100%		100%		$ (2,000,000)	
Grand Total	$ 16,435,933						$ 10,617,271	

Notes: (1) New Driggs Administration Station is planned at approximately 25,000 square feet with a cost of $225 per square foot; 33 percent growth figure reflects the presence of replacement and upgrade.

(2) New Driggs Maintenance Facility is planned as a remodel/re-purpose of the existing FS 1 Driggs station. The 33 percent growth figure reflects that the remaining 66 percent is replacement and upgrade.

(3) New FS 2,4,5 planned at approximately 14,000 square feet each with a cost of $225 per square foot. The New FS 2 Victor is partially an upgrade and replacement of the current station, so therefore the Growth Portion is assigned the Mixed percentage from "GRUM" of 62 percent. New FS 4 and 5 are 100 percent growth-related since they would not be constructed at all but for new development.

(4) Each current Fire Station has approximately $144,467 in equipment. This amount is assumed for new Fire Stations 4 and 5 as well.

(5) Approximately 62 percent of all Residential Units and Nonresidential square feet in 2029 will be new within the past 20 years.

(6) The District has traditionally operated with budget surpluses, and if this trend continues, the District will make optional transfers from the surplus to CIP expenditures. The transfer amount is estimated to be $100,000 per year, and this amount is deducted from the CIP cost each year resulting in a total reduction of $2,000,000 over 20 years. This capital transfer is discretionary by the District based upon year-by-year operations.

Source: BBC Research & Consulting interview with Teton Fire February, 2008.

As shown above, Teton Fire plans to purchase approximately $18.4 million in capital improvements over the next ten years, approximately $12.6 million of which is impact fee eligible, before

considering the District's potential revenue transfer for capital projects. These new assets will allow Teton Fire to achieve its planned level of service in the future.[32]

The remaining approximately $5.8 million is the cost for the District to correct existing deficiencies including infrastructure repair, replacement and improving service levels.

Neither of these types of capital projects is eligible for inclusion in the impact fee calculations. The District will therefore have to use other sources of revenue including all of those listed in Idaho Code 67-8207(iv)(2)(h). Please note that this CIP is pending review by the Advisory Committee.

7. What impact fee is required to pay for the new capital improvements?

The following Exhibit III-3 takes the projected future growth from Exhibit II-2 and the growth-related CIP from Exhibit III-2 to calculate impact fees for Teton Fire.

Exhibit III-3.
Teton Fire Fee Calculation

Note:
(1) From Exhibit III-2.
(2) From Exhibit II-3.

Source:
Teton Fire and Impact Fee Study Team.

Impact Fee Calculation	
Allocated Value for Future Fire Capital Improvements[1]	$ 10,617,271
Future District Land Use[2]	
Residential (in dwelling units)	91%
Nonresidential (in square feet)	9%
Allocated Value by Land Use Category	
Residential	$ 9,694,030
Nonresidential	$ 923,241
Future District Development[2]	
Residential (in dwelling units)	5,980
Nonresidential (in square feet)	1,196,005
Calculated Impact Fee	
Residential (per dwelling unit)	$ 1,621
Nonresidential (per square foot)	$ 0.77

As shown above, we have calculated impact fees for Teton Fire at $1,621 per residential unit and $0.77 per nonresidential square foot.

The District cannot collect fees greater than the amounts shown above. The District may collect fees lower than these amounts, but would then experience a decline in service levels unless the District used other revenues to make up the difference. Please note that these fee amounts are significantly less than the current investment Teton Fire has already made, thus indicating that new development is not being asked to pay a disproportionate amount as compared to existing residents.

[32] This assumes the planned level of service does not exceed the current level of service.

Section IV.
Summary

The following Exhibit IV-1 summarizes the Impact Fees for Teton Fire.

Exhibit IV-1.
Teton Fire Impact Fees

Source:
Impact Fee Study Team.

Impact Fee Category	
Fire District	
Residential (per dwelling unit)	$ 1,621
Nonresidential (per square foot)	$ 0.77
Total Fees	
Residential (per dwelling unit)	$ 1,621
Nonresidential (per square foot)	$ 0.77

We have calculated impact fees of $1,621 per residential unit and $0.77 per nonresidential square foot. Fees not to exceed these amounts are recommended for consideration by the District, subject to any District General Fund constraints.

District Participation

Because not all the capital improvements listed in the CIPs are 100 percent growth-related, the District would assume the responsibility of paying for those portions of the capital improvements that are not attributable to new growth. These payments would come from other sources of revenue including all of those listed in Idaho Code 67-8207(iv)(2)(h).

To arrive at this participation amount, the expected impact fee revenue and any shared facility amount need to be subtracted from the total CIP value. Exhibit IV-2 divides the District participation amount into two categories: the portion of purely non-growth-related improvements, and the portion of growth-related improvements that are attributable to correcting existing deficiencies (e.g., repair, replacement, or upgrade), but are not impact fee eligible.

It should be noted that the participation amount associated with purely non-growth improvements is discretionary. The District can choose not to fund these capital improvements (although this could result in a decrease in the level of service if the deferred repairs or replacements were urgent). However, in our professional judgment, the non-growth-related portion of improvements that are impact fee eligible *should* be funded in order to maintain the integrity of the impact fee program.

Exhibit IV-2 calculates the District's participation.

Exhibit IV-2.
Teton Fire Participation Summary, 2009 through 2029

Source:
Teton Fire and Impact Fee Study Team.

	Required Amount [1]	Discretionary Amount	Total
Fire District	$ 5,818,662	$ -	$ 5,818,662
TOTAL	$ 5,818,662	$ -	$ 5,818,662

The total amount the District would be *required* to contribute over 20 years, should Teton Fire adopt fees at the calculated amount, will be approximately $5.8 million. This total amount of required funding dictates the District to budget approximately $291,000 per year from 2009 through the end of 2029.

Implementation Recommendations

As the Teton County Board of County Commissioners and several City Councils evaluate whether or not to adopt the Capital Improvement Plans and impact fees presented in this report, we also offer the following information for your consideration.

Capital Improvements Plan. The Advisory Committee should carefully consider the CIP and Impact Fees. Then based on the recommendations from the Advisory Committee, the local governments should consider whether or not to adopt the study. If the local governments decide to adopt the study, then the capital improvement plan herein should be presented to each local governmental entity for adoption as an element of the Comprehensive Plan pursuant to the procedures of the Local Land Use Planning Act.[33]

Impact Fee Ordinance. Following adoption of the Capital Improvement Plan, the local governments should review the attached Impact Fee Ordinance template as modified by their attorney before considering adoption.

Advisory Committee. The Advisory Committee is in a unique position to work with and advise the District and local governments to ensure that the capital improvement plan and impact fees are routinely reviewed and modified as appropriate.

Impact fee service area. Some local governments have fee differentials for various geographic zones under the assumption that some areas utilize more or less current and future capital improvements. The study team, however, does not recommend the District assess different fees by dividing the areas into zones. The capital improvements identified in this report inherently serve a system-wide function.

Specialized assessments. If permit applicants are concerned they would be paying more than their fair share of future infrastructure purchases, the applicant can request an individualized assessment to ensure they will only be paying their proportional share. The applicant would be required to prepare and pay for all costs related to such an assessment.

[33] *See* Sections 67-8203(4) and 67-8208(1).

Donations. If the District or local governments receive donations for capital improvements listed on the CIP, they must account for the donation in one of two ways. If the donation is for a non-or partially growth-related improvement, the donation can contribute to the entity's General Fund participation along with more traditional forms, such as revenue transfers from the General Fund. If, however, the donation is for a growth-related project in the CIP, the donor's impact fees should be reduced dollar for dollar. This means that the entity will either credit the donor or reimburse the donor for that portion of the impact fee.

Grants. If a grant is expected and regular, the growth related portion of that grant amount should be reflected upfront in the fee calculations, meaning that the impact fees will be lower in anticipation of the contribution. If the grant is speculative or uncertain, this should not be reflected up-front in the fee calculations since the entity cannot count on those dollars as it undergoes capital planning.

The rational nexus is still maintained because the unexpected higher fund balance, due to the receipt of a grant, is deducted from the calculations as a "down payment on the CIP" when the fee study is updated.

Credit/reimbursement. If a fee payer constructs or contributes all or part of a growth-related project that would otherwise be financed with impact fees, that fee payer must receive a credit against the fees owed for this category or, at the payer's choice, be reimbursed from impact fees collected in the future.[34] This prevents "double dipping" by the District or local governments.

The presumption would be that fee payers owe the entirety of the impact fee amount until they make the District aware of the construction or contribution. If credit or reimbursement is due, the governmental entity must enter into an agreement with the fee payer that specifies the amount of the credit or the amount, time and form of reimbursement.[35]

Impact fee accounting. The District and local governments should continue to maintain Impact Fee Funds separate and apart from the General Fund. All current and future impact fee revenue should be immediately deposited into this account and withdrawn only to pay for growth-related capital improvements of the same category. General Funds should be reserved solely for the receipt of tax revenues, grants, user fees and associated interest earnings, and ongoing operational expenses including the repair and replacement of existing capital improvements not related to growth.

Spending policy. The District should establish and adhere to a policy governing their expenditure of monies from the Impact Fee Fund. The Fund should be prohibited from paying for any operational expenses and the repair and replacement or upgrade of existing infrastructure not necessitated by growth. In cases when *growth-related capital improvements are constructed,* impact fees are an allowable revenue source as long as only new growth is served. In cases when new capital improvements are expected *to partially replace existing capacity and to partially serve new growth,* cost sharing between the General Fund or other sources of revenue listed in Idaho Code 67-8207(I)(iv), (2)(h) and Impact Fee Fund should be allowed on a pro rata basis.

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[34] *See* Section 67-8209(3), Idaho Code.

[35] *See* Section 67-8209(4), Idaho Code.

Update procedures. The District as a whole will likely grow over the 20-year span of the CIPs. Therefore, the fees calculated in this study should be updated annually as the District invests in additional infrastructure beyond what is listed in this report, and/or as the District's projected development changes significantly. Fees can be updated on an annual basis using an inflation factor for building material from a reputable source such as McGraw Hill's Engineering News Record. As described in Idaho Code 67-8205(3)(c)(d)(e), the Advisory Committee will play an important role in these updates and reviews.